

April 12, 2000

HONORABLE CITY COUNCIL:

I present to you my proposed City budget for the 2000-2001 fiscal year at a time when new investment in Detroit is reaching levels we have not seen in two generations or more – when confidence in our future is attracting individuals, families and businesses back to the city, and causing those who evaluate government management – on Wall Street and elsewhere -- to give us high marks.

At the same time, however, a number of factors have temporarily reduced our income stream, and made it difficult to determine how the current fiscal year will end – and even more difficult to make revenue projections for the next fiscal year.

Nevertheless, I expect the City of Detroit to end the current fiscal year with a balanced budget, for the sixth year in a row. For the fiscal year ending June 30, 1999, the City recorded a \$1.6 million surplus. While not as large as previous surpluses, I am pleased that we continue to manage our finances prudently, and therefore finished again last year in the black.

Yet, due to circumstances that adversely affected my original revenue projections for our current budget, we must carefully review every expenditure and may have to consider holding back on non-essential activities through the end of the year. We can, therefore, officially project a surplus of \$1 at June 30, 2000.

Our City of Detroit is in a state of financial transition. We are on a progressive new course that will produce future increases in tax revenue -- as new apartments and houses are built in our neighborhoods, and manufacturing and assembly plants, offices, stores, and entertainment centers are opened throughout the city. Yet, while an impressive volume of rebuilding activity continues, our income tax revenue is currently limited -- by reductions in our income tax rates, which I will discuss momentarily; by the fact that many new businesses must operate for some time before they make taxable profits; and by the fact that our Empowerment and Renaissance Zones attract new development, but they are structured to keep tax income for the City at a minimum until the latter years of this decade. Other changes that I will discuss in the Financial Highlights portion of my remarks, such as reduced state revenue sharing, have created quite a challenge for us, as we proceed with our primary mission of providing better services for Detroit citizens and those who do business with the City.

Before I get into the financial highlights and specific programs of my proposed budget, allow me to point out significant achievements and important factors from the current fiscal year that will influence the budget for next year.

Yesterday, April 11, 2000, we ushered in a new era of sports tradition, increased pedestrian traffic downtown, and excitement about the city when the Detroit Tigers played their first game ever at Comerica Park. Back in August of 1995, the new ballpark was only a field of dreams, a vision of a bold future for Detroit. Yesterday, thanks to the people of Detroit and Wayne County, the commitment of the Tigers organization, the support of this Honorable Body, and the hard work of several city agencies, we realized the fulfillment of that dream.

Meanwhile, right next door, initial construction work is underway on Ford Field, the state-of-the-art domed stadium which will be the new home of the Detroit Lions, two years from now. I'm sure all of us are pleased that we have a great opportunity this fall for the National Football League to announce that Detroit will host the Super Bowl at Ford Field in 2006.

This afternoon we will break ground on the most significant development in downtown Detroit since the construction of the Renaissance Center in the early 1970s. Compuware Corporation's world headquarters will anchor Campus Martius – the project that will redevelop the heart of our central business district. Compuware will establish a high technology presence that should attract other companies in the industry to Detroit. Already, the owners of several historic Detroit office towers have found that Internet companies and other technology firms are leasing space downtown because we can give them access to fiber optic cable lines that are harder to find -- and more expensive in suburban areas and other cities. The prospect of Detroit becoming more of a technology center will have positive benefits for our economy and future City budgets.

Of course, the opening of two casinos during the current fiscal year introduced a new industry and a new source of tax income to the City. As we all know, only two of the three scheduled to open last year have done so. I will touch on the implications of casino tax income the City has received and has not received when I discuss the financial highlights of my proposed budget.

I am also happy to announce that our Detroit Zoo is projecting a significant increase in attendance due to two new exhibits, financed by both this year's budget, and the proposed budget. The National Amphibian Conservation Center (NACC) is scheduled to open in May of this year. The Center will contain over 1,000 animals and will house as many as 32 new exhibits using state of the art interpretive graphics. This will be the country's first center dedicated solely to amphibians. The Arctic Ring of Life will open in the fall, and is expected to be one of the largest arctic exhibits in the country. This 4.2-acre exhibit will incorporate distinct polar environments for polar bears, snowy owls and arctic foxes.

Our Census 2000 campaign has emphasized the connection between a good response from our residents and federal spending on programs for children, seniors, the homeless and others who need our assistance. We stand to lose \$3,000 per person not counted. History shows that since 1960, the City of Detroit has experienced budget deficits for

three years after each Census – partly due to our reduced population and reduced state and federal government funding. However, I am encouraged by the response we have seen from our citizens so far – with 57 percent having mailed their Census forms back in as of April 10. That response is the third best of any American city, and puts us ahead of 1990, when we had a 57 percent response rate for the entire mail-in period. I still believe that 2000 could be the first time in 50 years that Detroit shows an increase in population from the previous Census. As we enter the period when Census workers will go out into our neighborhoods to follow up with those who did not respond, I ask all residents to help them out as much as possible. Many Detroiters have signed up to be Knowledgeable Neighbors who will confirm information for Census workers and point them in the right direction – but more volunteers are needed. Finally, I would like to once again thank this Honorable Body for your leadership, your ideas and your active participation in our efforts to count every Detroit resident in the 2000 Census.

In last year's budget message, I reported to you the good news on property values in our city where our State equalized valuations rose by \$1.1 billion in just one year which was more growth than in the prior 40 years. Well, I am pleased to report that again for the second consecutive year our State equalized values have again risen by another \$1.2 billion. This means that in the last two years the market value of property in the City has grown by over \$4.5 billion or nearly one quarter of our total market value of nearly \$20 billion.

As your Honorable Body and my Administration continue to work together to address the City's most urgent challenges, it is good to know that outside observers, as well as many of our citizens, recognize the progress we are making. As I briefly mentioned in my State of the City address, Governing Magazine gave Detroit a very respectable B- in its February 2000 report card on urban management. Evaluated for the way we handled financial management, human resources, information technology, capital management and managing for results, we received the same grade as Boston, Chicago and Baltimore, and ranked ahead of Atlanta, Houston, Los Angeles and San Francisco, to name a few.

Detroit's standing on Wall Street continues to improve. Moody's upgraded its evaluation of our general obligation bonds from "stable" to "positive" in 1999 – a move that is usually a clear signal that a city is in line for a credit rating upgrade. As you know, both Fitch and Standard & Poor's gave Detroit's general obligation bonds "A-" ratings in 1998 – the first time our general obligation bonds had received an "A" ratings on Wall Street since 1962. In addition, last year Fitch and Standard & Poor's upgraded Detroit's Water and Sewer bonds. The City's improving financial reputation should encourage us to maintain the fiscal discipline necessary to keep a good name and the savings that result from lower interest costs.

FINANCIAL HIGHLIGHTS

While we have had many financial successes in the past six years, this proposed budget has the greatest financial challenges both known and unknown in our efforts to prudently manage the City's fiscal affairs. It will take the cooperation of both City Council and my administration as we steer clear of obstacles and entrapments that would cause our financial situation to deteriorate. To that end, I have instructed both the Directors of Budget and Finance to work closely with your Fiscal Analyst and to share with him and his staff all reports and all information used in preparing this year's budget. We cannot afford miscommunications based on the lack of financial information or incorrect financial information. The stakes are simply too high to afford a misstep.

One of the unknowns we are dealing with is casino revenue. There has been a great deal of discussion regarding casino revenue: how much would be available to spend, and who should establish the spending priorities for such revenues.

We should all keep in mind that in November of 1997, the people of Detroit passed Proposal A, which authorized an ordinance imposing a 9.9 % tax on the adjusted gross received by the licensee from gaming. Proposal A also stated how the City should use those funds:

1. Hiring and training and deployment of street patrol officers.
2. Neighborhood and downtown economic development programs designed to create local jobs.
3. Public safety programs such as emergency medical service, fire department programs, and street lighting.
4. Anti-gang and youth development programs.
5. Other programs that are designed to contribute to the improvement of the quality of life in the City of Detroit.
6. Relief to the taxpayers of the city from one or more taxes or fees imposed by the City of Detroit.
7. Pay for costs of capital improvements.
8. Pay for road repairs and improvements.

Proposal A gave a broad funding mandate to City government.

Proposal B -- also approved by Detroit voters in November of 1997 -- authorized the City to impose a municipal service fee upon each casino licensee. The fee would be either 1.25% of adjusted gross receipts received by the licensee or \$4,000,000 per year -- whichever was greater.

Each of the three casino operators have paid their municipal fee in advance, with the understanding that the next payment would be due one year from the anniversary date of

their opening. As a result of the fact that Greektown has not yet opened, for this coming budget we have only projected \$9 million in service fee revenue. If, as anticipated,

Greektown does not open until July of 2000, the City would not be able to collect the next \$4 million from that casino group until their anniversary date, which would be in fiscal year 2001-2002.

The current fiscal year budget projected that the City would collect approximately \$51 million in casino revenue. Fortunately, our projections were conservative, and it appears that our total casino tax income for only two casinos will be right at \$51 million.

For the proposed budget I now submit to your Honorable Body, we are estimating that casino tax revenue from all three casinos operating as of July 1, 2000 will be approximately \$80.7 million during the next fiscal year. The City has retained the firm of Deloitte & Touche LLP to assist in developing the most accurate estimate of gaming revenue. A chart in this budget report illustrates how those funds will be used over the next fiscal year.

There has been much discussion regarding how to budget Casino dollars. One opinion is that Casino dollars should be allocated separately and treated as additional funds, much like a federal or state grant. However, neither Proposal A nor B specifies or requires such an accounting treatment for casino revenue. Therefore it is appropriate to treat this revenue like other General Fund revenue, e.g., Income Tax, Property Tax, or State Revenue Sharing.

Beyond the tax income due to the City from casino revenues, it is also worth noting that our development agreements with casino developers call for additional financial commitments to the City, both before and after the permanent casinos are opened. The primary purpose of these commitments is creating opportunities for small Detroit businesses and non-casino economic development in areas adjacent to the casinos. For example, Detroit Entertainment (Motor City) has committed to establish an \$11.5 million development fund of which \$5 million will be utilized as a revolving loan to provide interim financing of development projects which are committed to employing residents of the City. An additional \$5 million will be contributed to the "Detroit Business Development Fund" to underwrite or guarantee loans of local businesses and entrepreneurs located in the City. The remaining \$1.5 million is pledged by Detroit Entertainment to development of our waterfront properties.

Greektown has committed to a \$12 million development fund, of which \$6 million will be placed in a "Casino Redevelopment Fund." This fund will provide gap financing to mixed-use development in Greektown and the Central Business District, and along the corridors that link Greektown to its casino site. Four million dollars will be contributed to an "Opportunity Zone" fund. This fund will provide revolving loans to businesses that will act as a casino "staging site" for laundry services, warehouses, and other commercial ventures needed to support the Greektown casino complex. The balance –

\$2 million -- will be placed into a Neighborhood Business Development Fund. This fund will be used to promote business development within the City.

MGM Grand Detroit has committed to establish a \$50 million business development fund, the first \$10 million of which is to be disbursed during the four years of operation of MGM Detroit's temporary casino. Two million dollars of this initial investment are to be provided to a revolving fund to provide gap financing to worthwhile business development projects citywide that need capital for start-up. The following eight million dollars will provide loan funds for undercapitalized as well as start-up Detroit businesses that will not be limited to meeting the goods and services requirements of MGM Detroit, but rather will address general needs in the City, including but not limited to, additional retail. The remaining \$40 million of MGM Detroit's business development commitment is slated to be disbursed in annual \$10 million increments after opening of its permanent casino complex.

The MGM Grand Business Development Fund has been established as a formal legal entity; the criteria for businesses eligible for loan assistance have been formulated; and MGM Detroit is now in the final stages of arrangements with a local financial institution for administration of the capital. I expect that we will hear a further announcement from MGM Detroit about the fund and its operation in the very near future.

The MGM Grand Detroit and the Motor City temporary casinos have reported employment of more than 6,000 full-time and part-time workers, at least 51 percent of whom are Detroit residents. The Greektown Casino developer projects that it will employ a staff of 2,400 employees in its temporary casino.

A report by our Human Rights Department indicates that as of April 30, 1999, total construction worker hours for the three temporary Casino developments was 491,000. Detroit residents performed 151,000 hours, or 31 percent.

As you are aware, the casino developers made a significant commitment to do business with minority and Detroit based businesses. To that end, I am pleased to report that as of April 30, 1999, the total construction expenditures for the three temporary casinos was \$225 million; \$100 million of that (or 44 percent) was awarded to local, minority and women-owned businesses. The goal specified in our development agreements with the casino developers was a minimum of 30 percent -- so you can see that we surpassed our goal.

Proceeding with my discussion of key financial issues for the next fiscal year, the City continues to face the challenge of reduced income from state revenue sharing. As you know, the State passed legislation freezing Detroit's share of state revenue at \$332 million a year for eight fiscal years, starting in 1998. A graph in our budget package illustrates the impact that increases in the City's State Revenue Sharing had for the city's budget during the past 10 years. It also shows the impact of the reduction in revenue sharing to the city that followed the results of the 1990 census. Although there was a

census-related reduction of \$22 million in fiscal year 1992, and a \$16.1 million reduction due to the recession in fiscal year 1991, the City still averaged a yearly increase in

revenue sharing over this 10-year period of \$6.7 million, thanks to a more enlightened appreciation for Detroit's significance than now exists in Lansing.

While no increase in state revenue to Detroit is possible for most of this decade, there is some good news: our revenue sharing allocation is frozen and will not be subject to the results of the 2000 census.

The city's income tax reduction was another result of the state legislation which froze state revenue sharing. The law requires Detroit to reduce its income tax rate by 33% over the next ten years starting in the 1998 fiscal year. That means that each year the tax rate is reduced on average 4%, for a loss of approximately \$10 million each year. More importantly, the amount adds up to a very significant total -- \$100 million over the course of a decade. Please refer to the graph in our package which illustrates the impact of that reduction over 10 years, assuming only a 3% growth in the adjusted gross income of the taxpayers. This rate is reasonable since the growth in the income tax revenue has only been 2.8% over the past ten years.

The financial challenge for the City is to continue to encourage economic development that will offset the impact of frozen revenue sharing and the reduction of the City's income tax rates.

I hope that I have succeeded in making clear why the temporary changes to the General Fund's major revenue sources will, in the short term, significantly affect the City's ability to balance our budget and to fund new programs and activities.

Another unknown financial challenge to the 2001 budget is the impact of residency on our income tax revenue projections. Last December, the State Legislature passed Public Act 212, which set a new residency rule for Michigan public employers. This statute, which became effective on March 10, 2000, abolished Detroit's traditional rule that required all employees and paid appointees to reside within the corporate limits of the City. First, let me thank you for your prompt action approving tentative labor union agreements prior to the effective date of the new residency statute. This allowed the City to maintain its traditional residency rule for city employees covered under these union agreements, until such time as these contracts expire and are replaced with new agreements.

It is clear that other employees, whose contracts are entered into after March 10, 2000, will have the option to relocate their residence outside the corporate limits of the City. This action will reduce their respective tax rate from approximately 2.9% as a resident to 1.4% as a non-resident. The unknown factor is exactly how many city employees will choose to relocate, and how many of our Detroit residence who are not city employees will be influenced to move, as well. There are currently no reliable figures to determine the impact on the City's income tax collection. However, at my request, our attorneys are exploring whether there are legitimate incentives, which can be provided by the City, as an employer, to its employees to remain residents. Any such measures will be announced at the appropriate time.

Earlier this year, your Honorable Body passed an ordinance adjusting the fare structure for the Department of Transportation. While I respect your efforts to provide free bus service to our senior citizens and reduced fares for school children, the financial effect is that the City would be compelled to add \$5.3 million to DDOT's General Fund subsidy. The amount of the subsidy for DDOT in the last budget submitted by Mayor Young was approximately \$28 million. Since becoming Mayor, I have increased the General Fund subsidy for DDOT to \$63 million, as reflected in this proposed budget. The General Fund cannot afford to make a further commitment to DDOT, while the State is continuing to reduce its funding of DDOT's operations.

It is clear that the effect of the State's actions is to compel the City, if it wants to maintain service levels, to increase its funding of DDOT's operation. However, if we were to do so, absent any new revenue sources, we would be forced to cut other City services. This is a no-win situation for the City and its citizens. In focus group discussions at the City's senior citizen residences, we have found that most seniors who responded felt the cost to the City of the free bus service program could be better spent improving their quality of life in some other way. Therefore, I am proposing alternatives to the Council's bus fare ordinance for your thoughtful consideration.

In my State of the City message, I indicated my desire to form a task force to recommend creative use of additional revenues, namely from Detroit casinos, should any become available. In February, I invited more than 400 business and community representatives to participate in the Revenue Task Force discussions. I charged the Task Force with proposing in percentage terms a list of specific recommendations for spending any surplus revenue that may accrue to the City, namely from the gaming tax. I asked David Baker Lewis, of Detroit's Lewis & Munday law firm, to chair the Task Force and to report back to me by the end of March. I have made available to you the results of the Task Force findings.

I would like to thank all the members of the Task Force for their invaluable service and hard work. I would like to specifically thank and acknowledge the work of William Beckham, Sandra Clemons, David Dworkin, Kenneth Hollowell, Taylor Segue III, Charles C. Smith, and Denise Willingham. I will request that this Honorable Body grant an opportunity to the Task Force to discuss their findings with you.

Based on the findings of the Task Force, I am proposing that \$2 million be allocated to specific programs outlined in their report. While not a large sum, this Administration is committed to increasing funding in subsequent years, as funds become available.

To conclude my discussion of financial highlights of the 2001 budget, let me note that our contract negotiations with the Detroit Police Officers Association are in the final stages of binding arbitration, a process governed by Act 312 of state law. The arbitrators will rule on the terms of the next police contract. Whatever pay increases the police union is awarded will automatically be awarded to the firefighter's union. That outcome is obviously uncertain now, but the arbitrators' decision, if beyond our last best offer, will definitely have a negative impact on our budget for 2000-2001 – beyond the negative financial impact of the elimination of our residency rule – a rule which both the police and firefighter unions have tried to kill for a long time. We expect a ruling, and the lieutenants and sergeants award to be made by mid-June and the other officers' award by mid-August.

DEPARTMENT, AGENCY AND PROGRAM HIGHLIGHTS

As I begin a relatively brief discussion of detailed programs and specific departmental needs for the 2001 fiscal year, let me suggest that we should all thank Director Stephanie Green and the members of the Department of Public Works for their hard work in preparing a comprehensive snow plan for this past winter. While we were blessed this year with less snow than last year, I believe our citizens recognized that the City was fully prepared to handle any snow emergency. Our increased budget for snow removal allowed DPW to purchase 20 additional snowplows and to assemble a force of independent contractors with plows. The contractors' equipment, combined with the delivery of new snowplows ordered under previous budgets, and the use of snowplows from other City departments, gave us an available fleet of 290 pieces of equipment, up from 59 last year. Our snow removal plan will be enhanced and readied for the 2000-2001 snowfall and beyond.

Delivering excellent services to Detroit citizens is our priority.

My senior staff proposed – and I adopted -- a focus for this budget that targets strengthening the delivery and management of core city services. In the State of the City address, I identified three key elements of this strategic direction:

- Neighborhood stabilization;
- Public safety; and
- Internal services (Finance, Law, and Human Resources)

We have matched these three key elements with specific initiatives that we will regularly evaluate for their effectiveness – throughout the year and in subsequent years.

For Neighborhood Stabilization, the target initiatives are:

1. Increased building code enforcement
2. Increased housing and home ownership
3. A reduction in the number of abandoned buildings, cars and illegal dumpsites
4. Improved city infrastructure (lighting, streets, water and sewer)
5. More effective disposal of surplus city property, through improved records and land assembly
6. Increased enforcement of traffic violations on neighborhood streets

For Public Safety, the target initiatives are:

1. Reduction in response times
2. Improvements in fire prevention and education programs
3. Improved public health
4. Increased enforcement of drug laws, particularly forfeiture laws
5. Maintenance and updating of equipment used by Police and Fire

For Internal Services (Finance, Law and Human Resources), the target initiatives are:

1. Continuous improvement in contracting, expedited income tax refunds, compliance with the Prompt Payment Ordinance, further tracking and reduction of risk
2. Full DRMS implementation
3. Faster Law Department response times
4. Human Resources systems to select, hire, and retain high-quality employees

NEIGHBORHOOD STABILIZATION

The 2000-2001 Budget reflects additional funding requests in line with the target initiatives for improved service. For example, in the area of neighborhood stabilization, additional staff and equipment have been added to the Public Work's budget in order to complete scheduled bulk pick-up routes more quickly and thus minimize the number of delays. Also, eight additional environmental inspectors have been added to DPW's budget to improve rodent control efforts in our neighborhoods.

Six million dollars have been added to the Public Lighting Department to continue its unprecedented efforts to overhaul street lighting in neighborhoods. Since January 1998, 45,000 new streetlights with brand new electrical connections have been installed at a lower-than-expected cost of \$10.1 million. An additional 15,000 new streetlights will be installed under this program. In many of Detroit's historic neighborhoods, we plan to replace underground wiring systems with overhead wiring from lamp-post to alley, not in front of homes. Some residents of historic neighborhoods have expressed a desire to retain underground wiring when the streetlights are updated, but the underground system is 80 times more expensive to install than a new overhead system. Unless the residents of historic neighborhoods agreed to pay the higher cost through special assessments, the burden would fall on all Detroit taxpayers.

Last year, the Recreation Department analyzed the gap between recreation staffing levels and the challenge of providing high quality services at 33 recreation centers. The Budget Department worked with Recreation to analyze currently offered recreation programs and overall operations. One of the results in this budget is a proposal to shift some recreation

staffing from a part-time, temporary basis to permanent, full-time. This proposal will reduce staff turnover and strengthen the career path of a recreation professional. We expect the result to be an increase in the quality of recreation services; it will be easier to recruit and develop employees, and there will be a reduction in inefficiency associated with our current reliance on part-time temporaries. We are recommending 22 new full-time positions. Also, 15 new Playleader positions have been added to the Department.

A study of the National Main Street Center, a program sponsored by the National Trust for Historic Preservation, may soon lead to a model project in Detroit for the renovation and revival of commercial strips in our neighborhoods. Also, City Group Executive Gloria Robinson has studied Atlanta's Land Bank Authority and Cleveland's Land Reutilization Program and what might be needed by way of state legislation this fall in order to implement a similar program in Detroit. Our goal is to expedite the sale and reuse of city-owned land, through quick settling of title problems and other difficulties which slow down the process.

PUBLIC SAFETY

In the area of Public safety, funds have been allocated to the Police Department to hire additional 149 new police officers, as well as additional funding for the Housing Department to provide additional security at senior citizen housing. We have added approximately \$2.6 million to the Fire Department's budget for the purchase of two aerial ladder trucks and three aerial ladder-tiller trucks.

This year we are recommending \$4.6 million for the Health Department as it seeks formal accreditation from the State of Michigan Department of Community Health. Of the \$4.6 million, \$1.5 million is for 28 staff positions. The State is citing a need to assure and enhance the quality of local public health by requiring each local health department in Michigan to become state-accredited. Therefore, the Health Department must meet all state standards for accreditation, in order to maintain and continue to meet its obligations to the public. We must be vigilant about preparing for the accreditation process, or we will jeopardize our funding and our time-honored status as a leading local health department.

While the focus of many of the new initiatives is aimed at the City's neighborhoods and internal processes, the 2001 budget does seek to prevent a major problem downtown. Over the past three years our downtown has experienced major construction projects, notably the demolition of the Hudson's Building and the construction of Comerica Park and the interim casinos. Renovation of many historic downtown buildings is well

underway. Like major downtown projects in Philadelphia, New York and elsewhere, construction work that affects foundations and core infrastructure disturb areas where there may be rodents. The Health Department and the environmental staff of Public Works have prepared a coordinated plan to avoid and deal with any potential problem. The Departments will develop educational and motivational material to provide positive direction regarding sanitation to commercial, entertainment and food in the downtown target area.

INTERNAL SERVICES

In the area of Internal Services, I am recommending additional staff for the Treasury Division of the Finance Department to expedite the processing of Property Tax refunds, as well as additional Human Resources' employee assistance staff to help our hard-working City employees during periods of personal need and guidance. Finally, I have committed to retaining additional legal staff for the Law Department in the areas of Ordinance Enforcement, commercial legal issues involving DWSD, and to assist the Appeals Section in order to reduce the workload of appealed cases.

One of City government's important responsibilities is the distribution of NOF – Neighborhood Opportunity Fund grant money from the Department of Housing and Urban Development. Over the years, when your Honorable Body has sought additional funds for NOF programs, the Block Grant funding set aside by HUD for city departments to administer these programs, has been reduced. This has forced my Administration to find General Fund dollars to pay for the administrative costs to City departments. Because our margin for error with this budget is so razor-thin, I ask that instead of reducing the funding to the departments charged with administering the Block Grant programs, reduce the funding to the citizen groups I have recommended. Or, if you disagree with the groups that I have recommended – then please substitute the group or groups you prefer – but we simply cannot afford to add more money to the NOF pot. We will have to live with the fact that not every group can be funded by limited NOF money. We should also acknowledge that any program that deserves to be funded also deserves money to cover its own administrative costs.

CAPITAL BUDGET

Each year, I have proposed various capital projects designed to address infrastructure and development needs throughout the City. As you know, we pay for our capital projects by selling bonds, then retiring the debt over a specified period. Our capital budget represents our plans for investment in the future of the City. What we build today determines what we maintain and operate for years to come. Some of the significant improvements include:

- \$2 million for the Police Department's renovations of police precincts.
- \$7.15 million for Public Lighting as part of its ongoing effort to modernize residential street lighting, improve system reliability and – as I mentioned earlier -- keep up with the demands of new residential development.
- \$2.0 million for the Fire Department to renovate and repair fire stations. \$500,000 is allocated specifically to address bathing facilities for female personnel.
- \$7.15 million for the Recreation Department to repair and upgrade recreation facilities, and improvements to parks. \$850,000 from Capital Reinvestment Earnings for the Eastern Market facility improvements.
- \$1.7 million for the Zoo for improvements to the Belle Isle Zoo and Aquarium.
- \$5.3 million improvements to the Detroit Institute of Arts Building
- \$2.0 million for the Public Works' Automatic Location Detector System

To conclude, I am pleased that Detroit is on track for sustained growth in the future, and is fully capable of addressing the immediate challenges we face. To do so, however, we must remain honest and realistic about our obstacles and exercise fiscal discipline to help bring about the proper solutions. With our current momentum, I believe we can avoid the post-Census downturns the City has experienced in the past, and move into the new century with a very strong start. The biggest payoff for our citizens will be a city that works; a city that delivers on its promises – both expressed and implied; and meets the reasonable expectations of our people.

Honorable City Council Members, I submit my proposed 2000-2001 budget for your consideration and approval.

Respectfully submitted,

Dennis W. Archer
Mayor